COUNTRIES & REGIONS

# Economy of the United Kingdom: GDP, Labour, Inflation & Finance

A comprehensive assessment of the UK economy covering national output, employment, price stability, government finances, and the business landscape. The UK is the world's sixth-largest economy by nominal GDP, undergoing structural transition post-Brexit and post-pandemic.

**£2.8T**
UK GDP 2025 (est.)

**+1.1%**
GDP Growth 2025*

**4.4%**
Unemployment Rate

**2.6%**
CPI Inflation 2024

Source: UK ONS · HM Treasury · Bank of England · Statista 2025

**~£33K**
GDP per Capita 2024
In constant 2023 prices

**74.8%**
Employment Rate
16–64 age group 2024

**~98%**
National Debt / GDP
2024–25 estimate

**~44%**
Govt Spending / GDP
FY 2024–25

**5.6M**
Private Businesses
UK private sector 2025

**£37,500**
Avg Annual Earnings
Full-time workers 2024

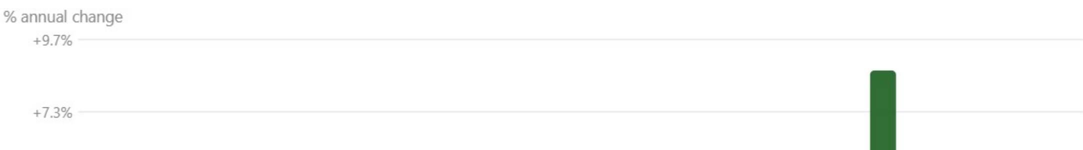
## GROSS DOMESTIC PRODUCT

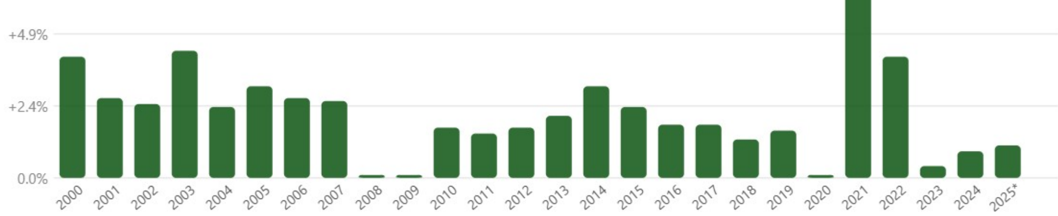
### UK Gross Domestic Product 2000–2025 (£ billions, constant 2023 prices)


UK GDP contracted sharply in 2009 (−4.3%) during the Global Financial Crisis and again in 2020 (−11.0%) during the COVID-19 pandemic, the sharpest peacetime contraction on record. The economy recovered strongly in 2021 (+8.7%) and has since returned to a moderate growth trajectory.

## GDP GROWTH RATE

### Annual GDP Growth Rate in the UK 2000–2025 (%)

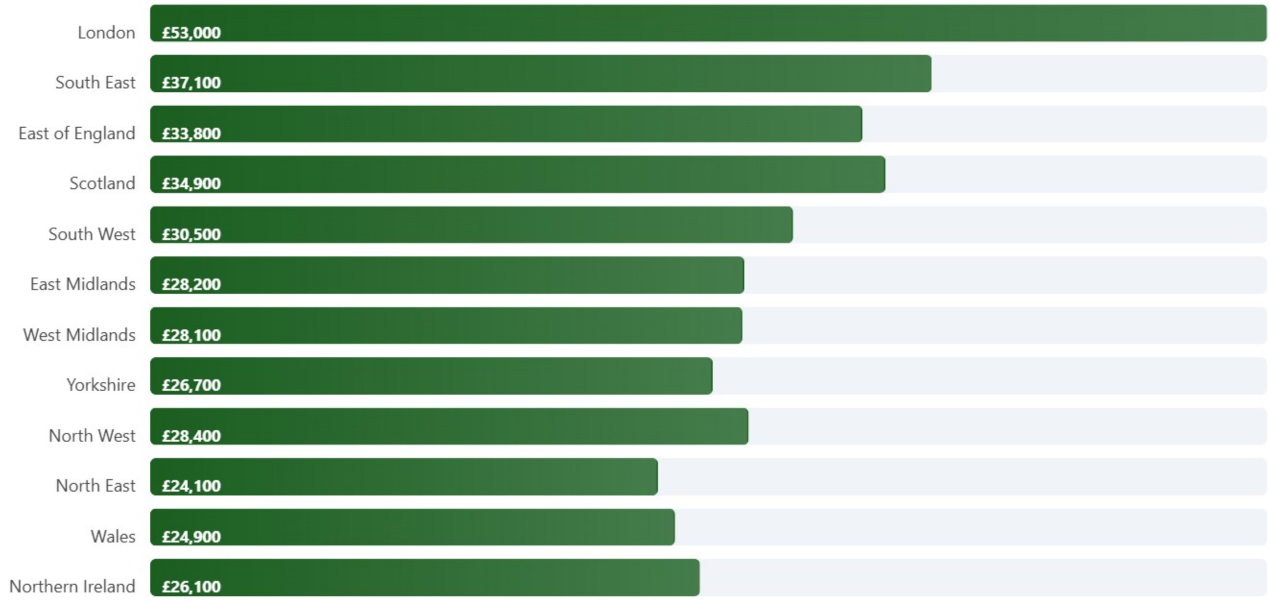





UK economic growth averaged around 2% per year in the 2000s before the financial crisis. Post-2010 austerity constrained growth to 1–2%. The unprecedented −11% contraction in 2020 was followed by a rapid 8.7% rebound in 2021. Growth has since moderated to sub-1% in 2023.

## REGIONAL OUTPUT

### GDP per Capita by UK Region 2023 (£ thousands)




London's GDP per capita of £53,000 is more than double that of the lowest-performing regions — reflecting persistent structural inequalities across the UK. The North East and Wales record the lowest regional productivity, driving the government's 'Levelling Up' agenda.

## LABOUR MARKET

### UK Unemployment Rate 2000–2025 (%)


UK unemployment peaked at 8.1% in Q4 2011 following the financial crisis and austerity response. By 2019, it had fallen to a multi-decade low of 3.8%. The COVID pandemic pushed it back to 5.0% in 2020 before a rapid recovery. 2024 saw unemployment edge up to 4.4% amid a cost-of-living squeeze.

## AVERAGE ANNUAL EARNINGS

### Average Annual Earnings for Full-Time Employees in the UK 1999–2025 (£)

Average annual earnings (£)


Average full-time earnings in the UK have grown from around £18,800 in 1999 to over £37,500 in 2024. However, when adjusted for inflation, real wage growth has been modest — particularly in the 2010s when nominal wage increases were outpaced by the cost of living.

## INFLATION

### UK Consumer Price Index (CPI) Inflation Rate 2015–2026 (%)


UK CPI inflation, long anchored near the Bank of England's 2% target, surged to 11.1% in October 2022 — the highest in 41 years — following global energy price shocks and supply chain disruptions. The Bank of England responded with rapid rate hikes, pushing inflation back toward target by late 2024.

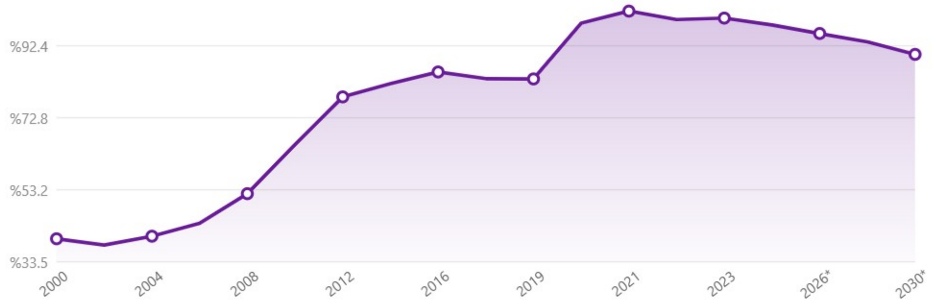
## GOVERNMENT FINANCES

### UK Government Spending as % of GDP 2000–2030


UK government spending expanded significantly during the Global Financial Crisis and again during COVID-19, peaking at ~51% of GDP in 2020. Post-pandemic consolidation has brought this down, but the UK's fiscal position remains constrained by elevated debt servicing costs and persistent spending pressures in health and social care.

## NATIONAL DEBT

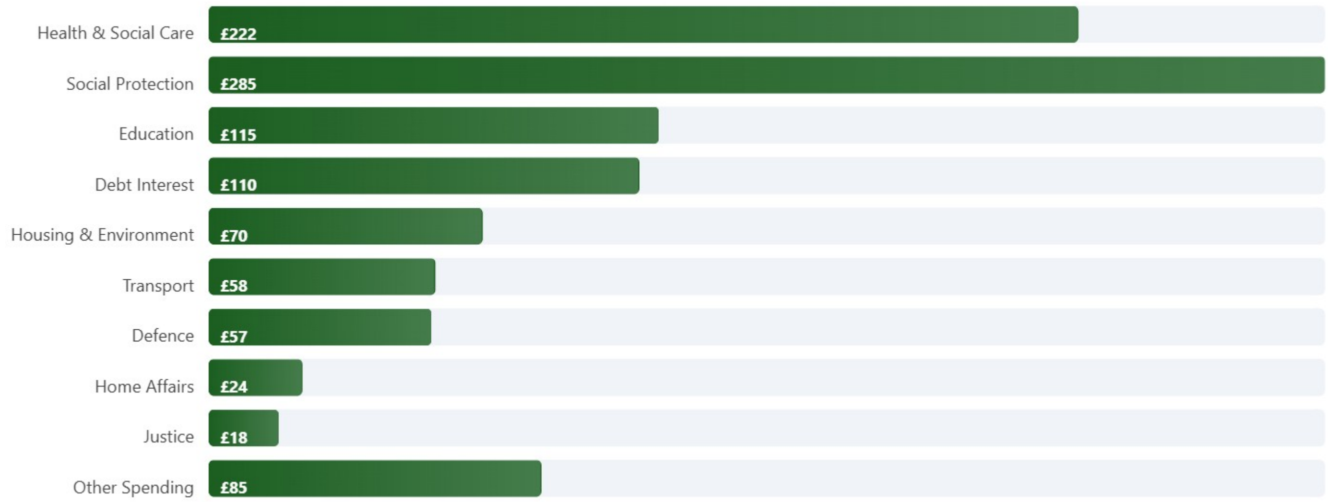
### UK National Debt as % of GDP 2000–2030




UK net public sector debt as a share of GDP remained below 40% for much of the 2000s before rising sharply after 2008. COVID-19 pushed the ratio above 100% of GDP for the first time in modern peacetime history. Debt reduction is a central fiscal challenge for the current government.

## BUSINESS LANDSCAPE

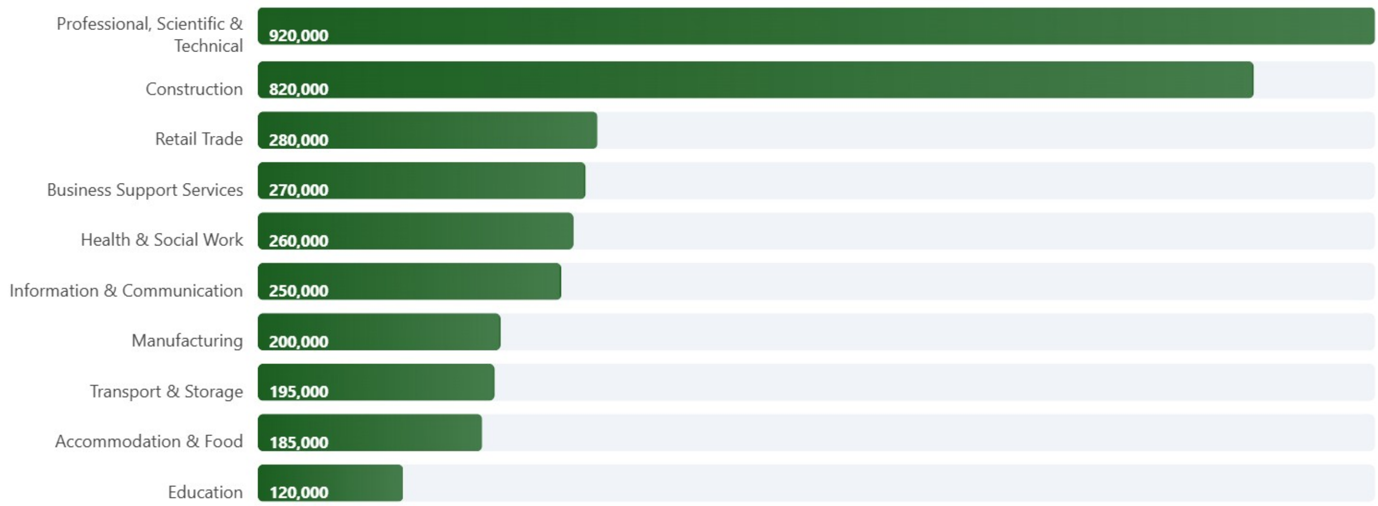
### UK Government 2025/26 Budget Spending Allocation (£ billions)




Health and Social Care represents the single largest spending item in the UK government's 2025/26 budget, reflecting demographic pressures and post-pandemic NHS recovery investment. Social protection including pensions is the second largest category, followed by education and debt interest — which has grown significantly with rising rates.

## PRIVATE SECTOR BUSINESSES

### Number of Private Sector Businesses in the UK by Sector 2025




Professional, scientific and technical activities is the largest sector by business count in the UK, followed by construction and retail. Small and micro businesses dominate all sectors — over 99% of UK private sector businesses have fewer than 250 employees, with 75% having no employees at all (sole traders).